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System Council Assurance Oversight Committee Update

Purpose: This document provides reflections from the System Council's Assurance Oversight Committee (AOC) on its activities to date, and on focus areas for 2020.

Presentation sponsor: Chair, Assurance Oversight Committee (AOC)

Document category: This document can be shared without restriction

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1. Background: Membership and Purpose of the AOC

Composition

- TOR provides for a maximum five persons, of which majority independent members and others selected from the System Council's voting member constituencies
- Fully constituted in 2019
- Members work well together and bring breadth/depth of skills needed

- Saad Bounjoua (Independent), Chair
- Daniel van Gilst (Norway)
- Maurice Goddard (Independent)
- Stephen Potter (Canada)
- Muriel Uzàn (Independent)

Purpose

Two main areas of responsibility - To provide:

- the Council with assurance of the completeness and effectiveness of the Internal Audit Function and the independence of external audit functions, and a structured reporting line between internal and external auditors and the System Council; and
- Oversight of system-wide governance, risk management and internal controls.

Key: ● Good coverage ● Some coverage ● Challenges encountered



2A. Reflections: Status of coverage of the AOC mandate to date

TOR area of responsibility (summarized)	Status	Selected focus areas to date
<i>Assurance on the completeness and effectiveness of internal and external audit across the System</i>		
Looking at quality of internal audit arrangements on behalf of the Council	●	Review outputs of external quality assessment of Center internal audit functions (teams/regional units) and strengthening measures implemented
Taking holistic view of assurance across System – considering where duplication or gaps might lie	●	Regular review of mapping of the adequacy of assurance relating to key system-wide risks
<i>Oversight of System-wide governance, risk management and internal controls</i>		
Keeping risk management framework and risk appetite statement under review	●	In-depth discussion on strategic risks associated with Transition to One CGIAR and possible mitigations (workshop with SMB's Audit & Risk Committee)
Considering strategic-level risk exposures and measures to address	●	Taking stock of system-wide maturity in responding to identified financial and other irregularities
Advising the Board on business plans/budgets for Council's advisory services	●	Reviewed on behalf of Council - anticipated that business plans/budgets will be further elaborated now that Director of Shared Secretariat in post
Reviewing key recommendations from SMB from its review of annual System financial reports	N/A	No recommendations provided by the SMB, noting the System is moving to a more dynamic presentation of financial data, which will enhance transparency in reporting and the identification of key financial opportunities and risks
Providing advice to the Council for its review/approval of CGIAR policies on key governance/risk management areas	●	Provided counsel on the further elaboration of escalation guidelines and ethics framework
Upon request – input into SMB commissioning of Center governance and management reviews to complement evaluations	N/A	Not requested

2B. Reflections: Nature of the AOC's assurance focus to date

The AOC has:

- **Taken stock of the complexity of CGIAR's structure and governance arrangements**, and what it means to provide reasonable assurance across an interconnected system – represents the first time that the System Council (or Fund Council before it) has had a strategic-level body take a view right across the range and quality of assurance in the System
- **Provided high-level counsel on early steps to implement key assurance actions from 2019-2021 Business Plan**
- Considered the **ability of the System to respond effectively to reported irregularities** and provided direction to assist in growing maturity in this key area

The AOC highlights that:

- The work of the **CGIAR System Internal Audit Function has been invaluable in mapping and understanding that picture** including through tools such as an audit coverage dashboard
- The **continued strengthening of the CGIAR Advisory Services Shared Secretariat will enhance the picture of combined assurance across the System** - this will remain a key focus area
- Movement towards One CGIAR, should the recommendations be approved, **will provide increased opportunity for the provision of risk-based coordinated assurance**, ensuring that gaps are covered, without a duplication of effort

3. Taking it forward: 2020 focus areas

Embedding – Ongoing activities

Oversee strategic assurance matters relating to:

- Transition to One CGIAR (if approved)
- Business as usual, including review of:
 - Effectiveness of risk-based assurance coverage and engagement with assurance providers (e.g. Internal Audit, External Auditors, Advisory Bodies, Audit and Risk Committee,) relating to existing and potential assurance gaps
 - Establishing a stronger culture on proactively managing irregularities
 - Effectiveness of Risk Management Framework and Risk Appetite Statement, internal control framework and Ethics Framework

Review and advise Council on matters relating to advisory services budgets

Specific focus

In collaboration with the SMB's Audit & Risk Committee and other assurance providers as required, relating to providing advice regarding :

- **Fit-for-purpose aligned assurance model** (via better mapping and understanding of who provides what assurance to whom; and structured engagement with other stakeholders e.g. SMB's ARC, to support ongoing effort to deliver value for money assurance)
- **Introduction of single external audit provider** across all entities to have a whole of system view on financial reporting
- **Introduction of a 'Single Audit' model** (to reduce the duplication of audits/reviews by Funding partners)
- **System-wide internal control framework** (focus on people, procurement, projects and partners), based on benchmarking exercise to be undertaken